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Board of Directors Minutes December 17, 2009 Tompkins County Library Board Room

Agenda ****

- 1. Approval of minutes**
- 2. Update and actions steps based on latest info from NYSID**
- 3. Stop-Loss insurance proposals- review quotes/ Adopt resolution -VOTE**
- 4. Ancillary benefits adopt -VOTE**
- 5. Update on Excellus Contract**
- 6. Recommend Authorization to execute contract - Locey and Cahill 1/110-12/31/10**
- 7. Adopt resolution authorize letter from the Board of Directors to Senator Neil Breslin**

****Disclaimer: While these items have been discussed, NONE of them have been voted on or finalized. All plans are in the DRAFT phase.*

Present:

Municipalities:

City of Ithaca - Carolyn Peterson, County of Tompkins - Anita Fitzpatrick,
Town of Caroline - Don Barber, Town of Danby - Ric Dietrich, Town of Dryden - Mary Ann Sumner,
Town of Ithaca - Judith Drake, Town of Ulysses - Richard Coogan, Village of Cayuga Heights - Jim
Gilmore, Village of Dryden - Charles Becker, Village of Groton - Charles V. Rankin, Village of
Trumansburg - Rordan Hart

Union:

CSEA - Chantalise Demarco, CSEA Health Benefits Specialist - Margaret Lloyd, Ithaca Paid Fire
Fighters Association & Chief - Greg Stevenson, TC3 Professional Administration Association -
Darlene Finn

Absent:

Town of Groton, Town of Enfield

In attendance:

Steve Locey - Locey & Cahill, David M Sanders - Locey & Cahill, Joe Mareane - County
Administrator, David Squires - County Finance, Steve Thayer - City of Ithaca, Travis Turner - Cayuga

Consortium Members:

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Medical Center, Sharon Dovi -TC3 Human Resources Administrator
Marcia Lynch -Tompkins County Public Information Officer, Stacy Shackford - Ithaca Journal

Welcome Agenda

Chair Don Barber called the meeting to order at 5:39pm.

1. Approval of minutes

The minutes were tabled until the Board of Directors had the opportunity to read and review.

2. Update and actions steps based on latest info from NYSID

Mr. Don Barber began with a brief history of the two years that it has taken to develop the Greater Tompkins County Municipal Health Insurance Consortium. He complimented those that worked so hard to make this happen, highlighting Steve Locey's efforts and the commitment by the County Administration. He also complimented the City of Ithaca and Tompkins County for their foresight in creating a venue in which all of Tompkins County's municipalities can benefit. Mr. Barber confirmed that the New York State Insurance Department is working with us to achieve our goals. He concluded that with our objectives, the single most important was that of the employee. With this in mind, some tough decisions needed to be made in order to ensure quality of benefits and quality of delivery.

Mr. Barber introduced Mr. Locey. Mr. Locey started the meeting by discussing the most recent obstacles experienced by the Consortium, as it pertains to compliance with the New York State Insurance Department. The two issues preventing the Consortium from receiving a Certificate of Authority are IBNR percentage and Union participation on the Board of Director's.

IBNR percentage

Mr. Locey is hopeful that with Actuarial Statements, letter of credit and Excellus BCBS's willingness to guarantee claims run-out from six to 24 months, that the NYSID will allow the Consortium's reserve requirements to be decreased from 25% to at the most 17%, perhaps even lower, the level of cash reserves required by NYSID to satisfy the requirements as set forth in §4706(a)(1). We have provided the Insurance Department with requested financial and paid claims data in support of an incurred but not reported (IBNR) or paid claims reserve of no more than 17% of expected incurred claims and expenses therein.

Currently, the NYSID requires 25%; however, it is Mr. Locey's experience that many Consortiums have successfully started with an IBNR of 17% or lower. Mr. Locey is optimistic as we wait for the State's response to this consideration. There has been no response by the State on this request to date. In dollars 17% to 25% IBNR would be equivalent to a 1.6 million dollar difference.

Union participation on the Board of Director's.

Currently, the Consortium includes representatives of each union on the Board of Directors as a non-voting member. The Insurance Department has initially expressed an opinion that such representation should include voting rights. Its is the Consortium Counsel's opinion that this is not required by Article 47 and that such voting rights would be considered to be unconstitutional in New York.

A compromise is sought by seeking support from the Putnam/ Northern Westchester Health Benefits Consortium, which started in 1982, includes fourteen school districts, and provides health benefits for over 8,018 participants. Putnam/ Northern Westchester Health Benefits Consortium is certified by the

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New York State Insurance Department. Putnam/ Northern Westchester Health Benefits Consortium operates a Labor Management Committee that includes representatives of each bargaining unit and each school district; they work together, review all prospective Board actions, benefit structure, and plan design. Mr. Locey is hopeful that we can learn and follow their best practices as we move forward towards certification.

Mr. Locey discussed two alternatives, which could be evaluated if the two issues preventing the Consortium from receiving a Certificate of Authority are not reached, they include:

Option (1) ONE Self-Insurance via Article 47 of the NYS Insurance Law (current Plan) with the hopes that the two above issues can be resolved.

Option (2) TWO Purchasing Minimum Premium Insurance as Authorized by Article 5G of NYS General Municipal Law.

Problem that needs to be resolved under this agenda include:

Satisfy whatever requirements Excellus BCBS has relative to allowing a Consortium to be insured on an experience rated basis and include municipalities that employs less than fifty (50) employees. (Which are excluded in Article 5G)

Option (2) TWO "B"

Have one of the larger employers (County of Tompkins, City of Ithaca or Town of Ithaca) include the covered members of the Towns and Villages under their insurance contract.

Question from Mr. Jim Gilmore asked how union voting was an issue and how it would influence the BOD. Mr. Locey reiterated the above mentioned issues, stated that numbers are the real problem. Within the Greater Tompkins County Municipal Health Insurance Consortium there would be fourteen (14) municipalities and 18-24 Unions/bargaining units, therefore making them the majority and compromising fiscal stability by allowing non-taxing entities to control taxpayer funding. He also confirmed that the State allowed the weighted voting model due to the disproportionate investment and risk experienced by the consortium's two largest entities in the City of Ithaca and Tompkins County.

Mr. Locey referred to the Labor Management Committee as a possible compromise, where Unions have a significant say in plan design. Mr. Locey and Ms. Margaret Lloyd, differed on the BOD make up from within the Putnam/ Northern Westchester Health Benefits Consortium, Mr. Locey stated that he spoke with Dr. Thomas Higgins, and is confident that Unions do not vote, but are represented by the Labor Management Committee.

Mr. Locey reminded the BOD that Excellus BlueCross BlueShield and representative Beth Miller are aware of the Consortium's possible delay, predicted by Mr. Locey to be until March first. Each of the municipalities are asked to extend their existing health coverage beyond January 1 in case the state does not grant the necessary certificate of authority before then. Both the current and new health plans are to be handled through Excellus and the insurer has guaranteed it will honor earlier quotes (renewals) provided to municipalities. For most of the smaller entities this an additional cost that they did not foresee, for others, it's a savings.

3. Stop-Loss insurance proposals- review quotes/ Adopt resolution -VOTE

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Mr. Locey presented the quotes from Highmark and Excellus, only Excellus came in under the budgeted amount. Mr. Locey stated that the Consortium would not be able to adopt since the start date is listed as January first, however in order to meet the requirements of the NYSID a resolution would be required;

Whereas the Board of Directors authorizes the purchase of stop loss insurance in compliance with the New York State Insurance Department, at a cost not to exceed the 2010 budgeted amount.

Motion: Richard Coogan

Second: Jim Gilmore

Carried Unanimous

4. Ancillary benefits adopt -VOTE

Mr. Locey provided CSEA's plan description and summaries for the following; Platinum 12 Vision plan, Dutchess Dental plan, Equinox Dental plan, and Horizon Dental plan. These plans are critical in offering plans "equal to or better than" those that are currently provided by the Teamsters

Mr. Locey stated that an attempt has been made to revisit Municipalities that voted down joining the Consortium, including the Town of Newfield. Each of the municipalities that offer CSEA Ancillary benefits provides the consortium with a wider range of menu items that all entities can negotiate to. Each CSEA benefit most has an accessible unit in order to offer it through to the entire consortium. Several collective bargaining unit questions were asked of Mr. Locey. Mr. Barber reminded the Board that the consortium is not involved in any local bargaining, and its only role is to offer that which already exists, evaluate and implement new plans that are established via normal bargaining procedures.

5. Update on Excellus Contract

Mr. Locey informed the BOD that the contracts are completed and have been forwarded to the State. Mr. Locey explained that once the NYSID approves the contracts, the BOD will then adopt. Mr. Locey stated that there were four changes to the Excellus contract thus far and none to the Medco to date.

Approval of minutes -VOTE

Upon request Mr. Barber motioned to accept the November 19th minutes, as the BOD were able to review the minutes in between agenda items. Several typos and corrections were asked to be corrected.

Motion: Carolyn Peterson

Second: Jim Gilmore

Carries Unanimous

6. Recommend Authorization to execute contract - Locey and Cahill 1/110-12/31/10

Tabled, as the contract can not be executed until the Consortium has received a certificate of Authority.

7. Adopt resolution to authorize letter from the Board of Directors to Senator Neil Breslin

Mr. Barber presented by the Greater Tompkins County Municipal Health Insurance Consortium to Senator Neil Breslin.

Resolution to Authorize letter from the Board of Directors to Senator Neil Breslin

Motion: Carolyn Peterson

Second: Jim Gilmore

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Carries Unanimous

Adjournment 6:50pm

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